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**Green Practices in Bulgarian Small and
Middle- size business. Critical analysis**

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Abstract

Purpose: The purpose of this research is to show the development and steady growth of green practices, among the Bulgarian Small and Middle -size businesses and their significance for the Bulgarian Economic. Vital importance of those practices for the further economic development of the country will be discussed.

The examples of the best practices in the present economic reality will be present as a part of this research.

Keywords

Green Management, Green Small and Medium size enterprises, Corporate Social Responsibility, ISO 14001, ISO 9001, Green supply chain management, Environmental Law

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Methodology

In this Master thesis will be presented and discussed the results of two summarised base line surveys conducted in the period of time - July 2011 to January 2012. The main subject of the surveys was recent development of the Green practices among, small and middle-size enterprises in Republic of Bulgaria. Qualitative research has been used as primary method. (Approached Small and middle - sized companies are from three industries that have experienced a particular growth in the recent years. Included in the survey are the opinions of managers of privately owned companies, also the opinions of representatives of Ministry of Environment and Waters, public organizations, such as Green Circle, and other regulatory bodies. The presented data of all sources has been carefully selected and confirmed.

Findings

In the past few years Green enterprises in Bulgaria had gradually grown their number from approximately 30 in 2004 to over 130 at 2012 (presented data was officially given from the Ministry of Environment and Waters). In collation - data given from the non – governmental organisations in Bulgaria is dramatically larger – showing over 300 companies that had implemented in some way Green practices as part of their Corporate Social Responsibility programs. (*Damjanova, 2010*) Comparing that numbers with those of Environmentally orientated companies in more developed economics in EU, is found that green practices in Bulgaria are still in a process of developing and will be wait before we can compete with them. However, the results presented at the last Bulgarian business forum and the collected data from other sources confirmed the growing interest from the business and society as whole of the implementation of more environmentally friendly practices.

Research limitations and implications:

The aim of this research is to enhance understanding of Small and Middle-size Green Enterprises and their positive affect over Bulgarian business. Research has generally been proven successful. Still have to admit that certain constraints have been faced during the study, such as data collection and ever changing SMEs environment.

Originality/ value

Main purpose of this study is to increase understanding of relationship between most common type of businesses in Bulgaria Small and Medium- sized enterprises and the new business philosophies, greening and corporate social responsibility. Additionally to prove the importance of SMEs for the economic stability of the country as a providers of new employment opportunities, as well as provider of better acceptance of Bulgaria as reliable business partner worldwide.

Type

Master Thesis

1. INTRODUCTION

Green practices are relatively new “chapter” in the business world. The first records of that kind business behaviour are from USA practices in 60^s of XX century. In Bulgaria this type of business relations is even more new from the late 90^s of XX century and in a process of constant development. The aim of this paper is to explore the challenges this agenda poses for research and praxis in ecological economics

1.1. Background

Bulgarian economic development was complicated from the transformation of the countries political, economical and social system, after 1989. That had put Bulgarian business in disadvantage position in comparison with the other European countries. Despite that difficulty in the last 10 years had been achieved a certain level of sustainability in the private sector which had help Bulgarian business steady to outgrow its complicated past and become more competitive and wanted as business partner from the companies worldwide.

Green business practices have been defined in many different ways. For the purposes of this study I will use the definitions given in the Business dictionary, and Dr. Philip Kotler.

According to business dictionary green business is “any business which promotes the use, sale, or manufacturing of Eco-Green technology that recycles, saves energy, and is non-polluting.”

Philip Kotler describe companies greening as “Life quality represents not only the quantity and quality of consumption goods but also the quality of the environment” (*Kotler, 1988*)

Summarizing above definitions we can define Green business practices as:

- Environment friendly
- Less energy consuming
- Good for the society at large

At present day Small and Medium sized enterprises (SMEs) are the most common type business organisations at the country. The importance of those type business organizations has grown even more after Bulgaria joined the European Union. The expectations from SMEs as a major financial catalyst had evolve to a part in a new developments in social and environmental projects

Bulgarian state responded to those growing expectations, by adopting number of regulatory acts. One of the most important regulatory acts was the implementation of Corporate Social Responsibility (CSR) at the business practices in the country. This process is still under development, but had vital impact on the evolution of Green practices in Bulgaria.

Following the governments positive attitudes towards the implementation of CSR and other environmentally responsible practices in as much as possible enterprises, in 2010 two very important initiatives had been introduced to Bulgarian business – development of the Green circle (Association of companies actively implementing in its business green ideas and values) and new initiative of the Ministry of Environment and Waters called – Green Bulgaria.

1.2 Problem Area

With the Bulgarian becoming part of European Union the importance of the implementation of more environmental friendly practices in the business as whole and specifically for the present study in Small and medium- sized enterprises has become vitally important.

The ambivalent feeling of the business environment in country towards those practices has gradually change in the last 5 years and at the present time from the official data provided from the Ministry of the Environment and waters, around 130 firms in the country declare them self as green businesses.

The ownership of more than 90% of Bulgarian small and medium sized companies belongs to young entrepreneurs. Therefore, it is not surprising that they are the one taking the initiative to bring Bulgarian SMEc business to the XXI century business practices by implementing the CSR and Green practices in their enterprises.

1.3 Research Questions

The aim for this research is show and discuss well developed green business practices in Bulgaria in certain business area, small and medium size enterprises and the future alteration of more environmentally responsible companies. The resent economic crisis and the growing customer demand for more environmentally friendly products, attain additional value to this research.

Two are the main questions that this study has to answer: Firstly - How comparable are Bulgarian business practices with those of the well developed EU green practices?

Secondly - How further development of Green practices can positively affect Bulgarian economic sustainability and steady growth?

1.4 Limitations

During the research certain limitations has been faced - such as most companies' unwillingness to disclose more accurate information regarding their company , also the variance in data given from official regulatory bodies regarding the number of existing Green business companies in Bulgaria and diversity in understanding of green business meaning among common people.

1.5 Structure

This study consists of six chapters.

CHAPTER 1 is the Introduction of the General Idea of the thesis, with the definitions of Green Business practices, Green Business, and the research questions and limitations of the study.

In CHAPTER 2 will be discussed the Theoretical background of the thesis.

In CHAPTER 3 will be discussed the Economic climate at the Republic of Bulgaria at present, the creation of relatively new practices in the private sector – Environmentally friendly enterprises, a brief comparison with Green practices worldwide, more specifically in the developed countries from EU, and lastly the Green regulations and history of the Green Idea will be object of chapter content.

In CHAPTER 4 will be presented examples of Small and Middle-sized Green business in Bulgaria and discusses how the green idea has been adopted to the countries social – economic realities. The second part of this chapter will examine the main drivers for further growth of such businesses.

In CHAPTER 5 will be presented briefly: the research methodology and results of the study.

CHAPTER 6 Conclusions

2. THEORETICAL PART

The theoretical background of the thesis will be presented in this particular part. Different theories behind the Green Idea will be used to explain later in the study the importance of the environmental responsibility in the business practices.

One of the biggest fallacies of our time was the notion that business involves only over "rationalistic models" of action and communication. The idea of business as more complex is relatively new. Organizational thinking and business conduct are not in very different orbits with the business culture and human values in life. On the contrary, practice has proved convincingly that the more deeply rooted views on the significance of any action with respect to human, the more serious are the guarantees for the success of this action on this behavior.

Green business practices had appeared partially due to global agreements on global warming, an increase in the number environmentally aware consumers, and the advent of ISO quality standards. Companies had increased their interest in capturing the benefits associated with environmental sustainability and stewardship. Environmental management systems (EMS) have recently emerged as a means to systematically apply business management to environmental issues in order to enhance a firm's long run profitability by developing processes and products that simultaneously improve competitive and environmental performance

2.1 What is Green Business?

By definition Green Business is business that promote business practises that are viewed to be (as) environmentally sound. Green Business often is defined also as business that promotes business practices that are viewed as environmentally sound.

For the purpose of this study will be used the definition given by Wikipedia as most suitable one "Sustainable business, or green businesses, is enterprise that has no negative impact on the global or local environment, community, society, or economy". ([Wikipedia](#))

In this constantly changing world with over consuming society the Green Idea and problems accelerated with it increase steady their importance. The process of changing society values towards responsibility and business practices as whole is hard to implement, especially in the developing economics such as Bulgarian one, were not so long ago "heavy" manufacturing was primary for the economy.

Despite all obstacles the number of companies in Bulgaria using Green management practices arose in the last few years.

The Green Idea is an integral part of the environmentally responsible practices with well implemented Corporate Social Responsibility (CSR).

Main characteristics of Green Businesses are the following elements:

- Reduce
- Reuse
- Recycle
- Redesign
- Reimagine

Any of the above is equally important for the Good Green Practices, today.

During this research was discovered that most of the Green companies had implemented Recycling and Pollution Reduction, followed by the implementation of ISO 9001 standard for quality management in their sustainability programs. ISO 9001 it is one of the series Quality Management standards that by far is one of the most establish worldwide quality frameworks (*Bamford, 1995*)

This particular certificate is vitally important for organizations success because helps customer satisfaction to be improved, reinforce staff motivation and lead to continual improvement. Implementation of ISO 14001 (*ISO, 2009*) is one of the most necessary and important for any green orientated business. The origins of ISO can be trace to ISO/TC 207 technical committee established 1993 as a result of the United Nations Conference on Environment and Development, held in Rio de Janeiro in 1992. (The UNCSD was created to carry out the priorities of the United Nations Conference on Environment and Development in Rio de Janeiro, Brazil in 1992.).At the conference had been agreed the crucial need of a single standard for Environment Management that can guarantee quality of management and environmentally practices within the organization.

In Bulgaria the number of companies who have ISO 14001, is considerably lower compared to the countries with advanced economics.

2.2. Environmental Management

“Environmental management is an attempt to control human impact on and interaction with the environment in order to preserve natural resources.” (*Handfield, 2005*) This is virtually new paradigm which is still under constant development. It can be described also as the link between responsible attitude towards the environment and achievement of high financial objects. Constrains towards this business choice are in immediate correlation with the natural human behaviour to follow its desires. The Environmental Management can be described as well as a product of changed human perceptions and needs towards satisfaction of high moral purposes altogether with support for the sustainable development for the company.

Environment Management Systems (EMS) is relatively new and rather innovative system of management process that provide firms with additional sources of information and leverage over their environmental and business processes and performance” (*Florida, 2001*)

2.3 Corporate Social Responsibility

By the definition given in the Green Paper of “Promoting a European framework for Corporate Social Responsibility”, CSR is a concept whereby companies decide voluntary to contribute to a better society and a cleaner environment. A company must be devoted exclusively to internal and external dimensions, that captures the interactions with the environment in which the company operates and also the internal activity of it.

Collectively, SMEs are important drivers of economic growth, social cohesion and regional and rural development in the EU. Additionally, SMEs collectively have significant impact on the environment through their activities, products and services. Hence, in order to fulfil the social, environmental, and economic objectives of Corporate Social Responsibility, an active contribution of SMEs is vital. Vtally important is to mention that because SMEs are highly varied as location, ownership structure and other. CSR responses can be also different. Also because CSR is created primarily for large companies, the familiarization with the concept was subsequently later introduced to the SME.

Barriers to active CSR engagement on the part of SMEs include their lack of financial resources to approach CSE in a strategic manner as well as the lack of financial incentives for SMEs to commit themselves to CSR.

Many of their managers still believe that CSR does not add financial value for the firm. Economic instruments to support SMEs financially can thus be valuable public policy measures to overcome these barriers.

The five dimensions of CSR:

1. The Environmental dimension
2. The Social dimension
3. The Economic dimension
4. The stakeholder dimension
5. The voluntary dimensions

Corporate Social Responsibility is relatively new concept that had been implemented in the business practices worldwide in the middle of XX century.

Many definitions has been given for Corporate Social Responsibility, as most relevant to this study will be used the definitions given by the World Bank and European Commission.

According to the World Bank “Corporate social responsibility is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development”

For the European Commission corporate social responsibility is “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”

Both definitions present CSR as a combination of indivisible parts (economic growth, development of society and environmental protection) which major role is to bring to the business practices sustainable development. Integral part for utilizing these parts belongs to the Environmental, Social and Governance reporting (ESG). It had been found that the reporting of non-financial information implicated positively CSR practices. It is wildly used in Europe.

For Bulgarian business reality Corporate Social Responsibility concept is newer than for the most European countries. It had been wrongly understood from some organizations there for had been implemented not in accordance with the general rules (*CSR in Bulgaria - the new Challenges, ch3.2, p.15, 2007*) That issue will be further discussed in CHAPTER 4 of this Thesis.

In general the acceptance and proper implementation of CSR in the last 5 years had improved. Joint work of Bulgarian business forum, the Bulgarian Chamber of Commerce and Industry, Ministry of Labor and Social policy and other government and non government institutions and organizations had the major role for that.

Bulgarian business had understanding of CSR is as “companies integrating social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis”. (*Hasmb, 2007*)

Small and medium sized companies in various new industries had grown and most of them had have implemented in the best possible way the CSR practices. The role of the government not just as a regulator but as active participant through a different initiatives such as the National CSR Conference (first one took place at July 2006)^{2°}, the awards given by the Ministry of labor and social policy to the socially responsible practices, etc, is vital for the further development of more Responsible Business in the country.

After the Bulgarian accession in EU in 2007 the aspiration for improving of the existing practices had arouse.

As an archetype of this increased interest of CSR practices and their implementation, we give the example of 2007 Conference on Social responsibility for Small and Medium Size Enterprises provided thanks to the joint efforts of Advisory Institutions in Bulgaria the European Centre, UNDP and Bulgarian Business Life Forum (BBLF). The initiatives high level of participation and the subjects of debate had founded the commencement for further dispute on a subject.

2.4. Key success factors for good green practices

Different authors give more or less similar interpretation of which factors are essential for the business to successful in its environmental commitment (*Rao, 2005*)

For the specific needs of this particular study the following four are essential:

- Incorporation of principles of sustainability in to each business decision
- Provision of environmentally friendly services or products that can replace yearning for non green products and services
- Be greener than the competitors
- Enduring commitment to the environmental principles implemented in the practice of your company

They represent the basis of which can be build the future environmentally orientated companies. In various cases – the existing companies can implement one or another in another green principle as a part of their eagerness to change. (*Staniskis*)

The practice in Bulgaria shows that many small/medium-sized companies had accepted one of those principles. The problem is that determination of business organizations to become suddenly responsible can be reason of manager hope to be more competitive on the market with no real interest of the environment. Such examples will be discussed further in the study.

2.5. Green Practices in Developed Countries

As ‘good’ are considered those green practices that by adopting environmentally responsible decisions helped the environment preservation for the future generations, and by making those choices had manage to deliver sustainable value for the company.

In the business practices’ worldwide the Green Idea is not a new management tool but an imperative for responsible organization. Due to the resent economic crises the greening in some industries had become of extreme importance, in other exact the opposite. Worldwide most of the big enterprises had have implemented in some level environmentally responsible practices. In those Green Practices a set of few criteria’s had become imperative for their correct implementation: Market potential of the company, Innovative practices/products, Stakeholder value and Commercialization. The trend toward green is on the rise in every sector of the economy.

2.6. Environmental Law in Europe

One of the first legal acts of European Union has been developed and executed in the early 1970s by the European Economic Community (EEC) that was the First Environmental Action Programme (1973) which primarily goal was to enact legislation to combat existing pollution. (*Holder, 2007*)

From this first steps of realization the importance of environmental protection to the present day European environmental law had gradually evolve. It would be appropriate to say that this constant process controlled from a number of regulatory bodies- EU Council, the EU Environmental Commission and the European Parliament.

Among the various legal acts developed within EU are the one concerning Climate change is - the Kyoto Protocol accepted from the EU community in 29 of April 1998.regarding the limit and reducing the emissions of six greenhouse gases. (*Unfccc, 2011*) As a part of the protocol implementation and fulfilment EU developed additionally the European Climate Change Program and the EU Emissions Trading Scheme. Bulgaria had ratified and implemented Kyoto protocol in 2002 more specifically the “Joint Implementation from the Kyoto mechanisms” (*Unfccc, 2011*) in cooperation with Republic of Austria. Apart from the above the European Union had developed and adopts various important for the Environment preservation acts such as The Single European Act from 1986. With this act the EU had marked its position as responsible organization.

Further EU had affiliated the Treaties of Maastricht in 1992 and Amsterdam in 1997 – and with those acts establishes the Sustainable Development as one of its most important objectives. Sustainable development become an object of EU upgrade to the next level of environmental responsibility were crucial part have Lisbon Treaty of 2007 and Europe 2020 Strategy. (*EU, 2008*)

3. ECONOMIC REALITY AND GREEN IDEA: BULGARIAN CONTEXT

3.1. Bulgarian economy and the International Financial Crisis

According to the European Innovation Scoreboard, (*EIS, 2008*) “Bulgaria is one of the “Catching-up” countries” with an innovation performance well below the EU-27 average, but the rate of improvement is one of the highest of all countries and it is a growth leader within the catching-up group. Relative strengths, compared to the country’s average performance, are in human resources, finance and support and economic effects and relative weaknesses are in linkages and entrepreneurship and throughputs.

The World Bank classifies Bulgarian economy as “An upper middle income economy” (*bank, 2012*).

Bulgarian economy is open free market, with large and advanced private sector there for, the consciences of the international financial crisis had been serious challenge for their owners. The international financial crisis had hit Bulgarian economy Months later than the economics of other EU countries' and had less negative impact over it. Gross domestic product had drop down to 4.2% for half year but still comparing with other countries is relatively stable.

Over the past 5 years, throughputs and finance and support have been the main drivers of the improvement in innovation performance, in particular as a result from strong growth in private credit (25.2%), broadband access by firms (21.5%), community trademarks (67.6%) and community designs (31.0%). Performance in economic effects has hardly grown, in particular due to a decrease in new-to-market sales (-5.7%) and new-to-firm sales (-3.1%).

The interaction between the components of the system is weak and does not involve all forms of information and technology exchange, the potential for which is already available.

The impact of the global crisis on the Bulgarian economy has become more visible since the beginning 2009. This was reflected in a drop in the exports of Bulgarian goods and services, the decreased capital inflow and reduced internal inflation. Internal demand started to decrease, too, which resulted in a shrinking current account deficit of the balance of payments. For the period January 2009 to May 2009, the balance of the current and capital account has improved by EUR 1.7 billion, which is primarily caused by the shrinking trade deficit under the influence of lower international prices and declining internal demand.

The stability of the country's external position is preserved, with foreign direct investments covering 67.7% of the total current and capital account deficit for the first five months.

In 2009 the challenges to maintaining financial and economic stability are increasing. One solution is to mobilise resources for the catching up with innovative development. The Bulgarian economy is an open one and strongly dependant on international markets. The reaction to the influence of external factors is a key point in pursuing a strong state policy in a crisis environment. At the start of 2009 the Bulgarian Government formulated several measures against the crisis.

Performance in economic effects has hardly grown, in particular due to a decrease in new-to-market sales (-5.7%) and new-to-firm sales (-3.1%).

This could be considered to pose a serious challenge to the country's competitiveness and to the trade balance. Bulgarian export production is not particularly aimed at innovative products, but rather at acquiring foreign know-how, modernising old processes and products, improving the organisation and the effectiveness of management and adopting products that are new only to the Bulgarian not to the world market. That is why the trade balance deficit is seen to be a serious threat to the national economy. According to the recently adopted '*Export Promotion Strategy Vision 2013*' the attraction of considerable investments in export oriented high-tech production (among other measures) will boost export effectiveness. Sustainable development is development of society providing opportunities to reach the welfare for present and future generations by harmonizing its environmental, economic and social objectives without exceeding allowable limits of an environmental impact.

The officially collected data for Executive Agency for the Promotion of Small and Medium Enterprises had led to the conclusion that despite all the economical challenges the SMA business organizations are the one that manage to adjust the security for the work force (*NOEMA, 2011*). The importance of small and medium-sized enterprises (public and private) had have grown over the last few year. Their number has significantly increased to 252 682 and the Ministry of Economics, Energy and Tourism had developed a specific “Strategy for promotion of SME business practices for the period of time 2007 -2013” (*Damjanova, 2010*). From data incorporated in the official Reports of the Ministry of Economics, Energy and Tourism (*Damjanova, 2010*) and Executive Agency for the Promotion of Small and Medium Enterprises (NOEMA, 2011) can be concluded that crisis had negative effect over the development of SMA businesses as the number of established new companies has got down from the 22% in 2007 to 18% (*Damjanova, 2010, cmp. 1*), also the increased number of transformed enterprises as a size from bigger to smaller in order to survive the crisis. Density of growth had similar detentions – medium-sized enterprises are the less develop type of business from SME. Processing industry, trade with goods, and the construction industry are still with the largest share of all the sectors.

Growth by Region is constant indicator for the past 10 years. South-West and South East regions of Bulgaria are still most desired for doing business. They have brought between 62.1% and 69% of all revenues in the country. (*Damjanova, 2010, cmp. 16*)

Bulgarian government follows the basic guidelines given by EU and with Adoption of Small Business Act for Europe in 2008 (*Damjanova, 2010, cmp. 12*) had confirmed its commitment to support further development of SME.

3.2. Type's Small and Medium size Enterprises in Bulgaria and their Market share

In every society there are many organizations working to develop economic and social environment. They are social groupings that help people with joint efforts to reach goals that alone could not reach. The main reason for their operation is the need to satisfy various human needs. Transition to market-economy; dramatically increase the share of small and medium size enterprises in Bulgaria.

Small and medium-sized enterprises (SMEs) are defined as non-subsidary, independent firms that employ no more than a given number of employees. In Medium size enterprises, limit is 250 employees, as defined by the European Commission. Small firms are those with fewer than 50 employees, while microenterprises have five to ten workers.

The SMEs sectors hold approximately 99.8% of the nonfinancial business organizations in the country.

The market share of SMEs businesses is approximately 69 % - they are more profitable than the large enterprises in Bulgaria. Most common type enterprises are the micro enterprises they represent 90.3% of all SMEs.

For the purpose of present study in more details will be discussed small and Middle-sized enterprises wears the largest market share is for the Small companies. They have the most stable source of employment and high revenues for the State.

From the data gradually provided from Executive Agency for promotion of Small and Medium sized enterprises and the Ministry of Environment and Waters have been found – that medium-sized enterprises in Bulgaria still dominate their market share in processing industry. Sertain level of decrease had appeared in the employment share of medium –sized enterprises, from 60.1% for the year 2001 to 50.2% in 2007. The opposite is the situation in construction sector and trade sector. Both sectors had increase in their market shares: construction (from 11.1% of 16.1%) and trade (from 11.1% to 14.9%) (*Damjanova, 2010*)

Characteristic of Bulgarian SMEs sector is its continuous development. In order to survive in the rapidly changing business environment, SMEs have to be flexible, dynamic and open. In this context, innovations have a particularly important role. SMEs Market shares in vitally important for Bulgarian economy. They are also main source of economic restructuring

In 2002 SMEs in Bulgaria are 99, 1% of all companies in the country – the predominant share of SME -91% are micro-companies, employing less than a 10 people. In terms of dynamics, small enterprises (7% of SME) show the highest growth rate. SMEs provide more than 65% of the employment in the private sector. After the major abbreviations in the State sector in the last 2 years it is expected that this number will extend further.

A positive trend is the faster value added growth of the SMEs in comparison with the economy as a whole -13.4% to 5.5% for 2002. The value added growth tends differ in times among the SME groups. The fastest growth is observed in the group of 10-49 employed – 20.1%.

The labor productivity growth per SME employee is (5.9%) the gross labor productivity growth in the country is (4.7%). (*Damjanova, 2010*) Sertain level of decrease had appeared in the employment share of medium –sized enterprises, from 60.1% for the year 2001 to 50.2% in 2007. The opposite is the situation in construction sector and trade sector. Both sectors had increase in their market shares: construction (from 11.1% of 16.1%) and trade (from 11.1% to 14.9%) (*Damjanova, 2010*)

3.3 Socio –economic impact over green businesses in Bulgaria

In the nineties changed socio-political and economic situation in Bulgaria, sharply accelerate the dynamics of processes and radically changed the conditions for spatial development and planning. New type of business appears - Socially responsible one. The process of its implementation has been delayed by a number of typically for the Bulgarian society issues and the lack of adequate legal provisions to support further development of those practices.

Important role for the proper establishment had Bulgarian Economic Forum. (*Bulgaria Econimic Forum, 1998*).

That organization is founded by Bulgarian and International Private Companies, Bulgarian State Institutions, and Non-government organizations in 1998.

In the last few years a few more non-government organizations and associations had been founded – The Bulgarian Industrial Association, the Bulgarian chamber of commerce and industry, the confederation of Bulgarian employers and industrialists, Green circle, etc. All of those organizations have as main object the promotion of the Green Practices among the business and generally to the society.

3.4 Implementation of Green Business Practices in Bulgaria

The Environment protection is one of the most important issues for the Bulgarian economy at the moment. The existing practices are still relatively small number, but more and more activities had been carried on to promote them to the society and among the business practices. As small and medium-sized enterprises estimate over 90% of Bulgarian enterprises the focus of implementation of the Green practices had to be on them.

The optimization of Carbon management in an organization has a vital impact on the Greening of the companies. Some of the solutions are:

- Carbon management value steam analysis
- Component business modelling
- Energy assessment reviews

The implementation of good Green Supply Chain Management (GSCM) practices also is of great importance for the green business. By the definition given from prof. P. Penfield GSCM is “the process of using environmentally friendly inputs and transforming these inputs into outputs that can be reclaimed and re-used at the end of their lifecycle thus, creating a sustainable supply chain” (*Penfield.Patric, 2007*)

Green supply chain management serves as consolidator of supply chain management principles and the ecological awareness in order to create a Conscientious of the environment practices, within supply chain process. (*S.Srivastava, 2007*)

Implementation of Green logistics is other important tool for the responsible green practices. (*Nedelko Z., 2008*). By green logistics we understand that” the logistics encompasses various activities which are required to physically move raw materials into the organizations production facilities and to move finished goods to the end users”

Managers attitudes towards green logistics has to include “choosing products better for the environment, recycling, reducing water consumption” and etc. (*Nedelko Z., 2008*)

In consideration for the proper implementation of green principles in Bulgarian businesses has to be taken the factors such as the country’s legislation, EU legislation, country’s culture, countries development, government and non-government initiatives concerning the improvement and popularization of green business practices. In consideration for the proper implementation of green principles in Bulgarian businesses has to be taken the factors such as the country’s legislation, EU legislation, country’s culture, level of countries development (Bulgaria has still developing economy), government and non-government initiatives concerning the improvement and popularization of green business practices.

And last but not least the development of alliances of companies practicing Green Business such as the Green Circle in Bulgaria had shown so far that the great commitment of this, pioneers in the new business reality is stronger than the business rivalry

3.5. Government and Non Government Green Associations in Bulgaria

Increasing importance of green companies for Bulgarian business has grown in the last 5 years and led to exaggerate number of initiatives for their promotion and development. Some of these initiatives were organized by the state, but many of them are private initiatives. One of the best examples of the growing government involvement at the promotion of environment responsible practices is the Ministry of Environment and Waters campaign - 2011 for the Greenest Business Organizations in the country called “Green Bulgaria” (*MOEW, 2007*) financed by the operational program “Environment”. It is in our belief that detailed description of this event is from a great importance for this study. One of the reasons for that assertion is the fact that this campaign had moral incentive, not the financial, as main purpose to stimulate those practices, and support their further development.

In Bulgarian Green Practices at the moment all of the mentioned above initiatives had been highly preferred and supported not just by this particular campaign, and the Ministry of Environment and Waters, but as well from the members of many other government and non-government institutions.

In the campaign "Green Bulgaria" 2011 more than 75 companies and business organizations had participated. Nominations had been submitted in 3 main categories — small, medium and large business. Shortlisted companies were evaluated by an independent Commission, as among the leading criteria of the jury were: principal of the company is not connected with environmental protection activities, the initiative or project to be fully financed by the company and on its idea, the company is not cease to invest in environmental protection even in the period of economic crisis. This campaign confirmed the desire of the Government regulator for the further development of those types of companies. One other initiative that recently appears in the Bulgarian business world is development of the New Environmentally orientated Movement called "The Green Circle" (*Зелена, 2010*).

The initiative for its development belongs to one of the most prominent business journals in the country – "Manager" and well the known international mobile Telecommunication Company "GLOBUL". The Green circle was created in June 2011 during the forum "The Green Exit from the crisis, the reason behind this initiative is that "Bulgarian green business needs a movement that brings together companies to submit their practices for sustainable development". (*Slavov, 2011*)

From the moment of its development, till present approximately 180 companies have had registry with it. The aim for the initiative is to bring together responsible business practitioners so they can discuss and work together on the further development of Green Business in the country.

The other important associations for current study are: the Bulgarian Economic Forum (BIF) – initiative which since its first appearance has become a reliable source for connection among the green practitioners and as well place for sharing their ideas and learn from the best practices worldwide. BIF has developed series of Investment Projects Booklets, which are valuable source of information regarding SMEs in Bulgaria.

Bulgarian Centre for Green Economy (*БЦЗИ, 2010*) – a foundation developed in 2010 with the purpose to assist ratification of green orientated practices in the Republic and the Biolife online journal and unique business-information source part of B2B Media Group (*biolife.bg, 2011*) also initiator of the First National Concours – "Greenest Companies BG 2010". From more than 300 Green companies representatives of various business fields from manufacturing enterprises to Service companies – had chosen 10 winners in 10 different business categories.

The concourse mission was to find Sustainable businesses, New Green Initiatives and Companies with Steady Investments in the green initiatives.

4. Green Business Practices in Bulgaria

What is a Green Business? Green Business is a way of doing business that protects the natural environment (*Cambridge Business Dictionary*)

Green business practices are relatively new still developing part of Bulgarian economy. In the last 8 years was achieved considerable success in developing this type of business ventures. One of many reasons for this is the implementation of number of European and national initiatives.

Bulgarian understanding of corporate social responsibility largely, but not completely, overlaps with the accepted worldwide. Main difference may be referred to the lack of a clear differentiation (among the representatives of the Bulgarian business) for the concepts - Donation, Sponsorship and Socially Responsible Business. It is popular believe that these concepts extend along. However, there is a positive trend of (in) the development of corporate social responsibility. More and more companies, representatives of Small and medium business include CSR as part of its business strategy.

The donation is (well defined part of) existing Bulgarian business practice. It is regarded as traditional and is associated mainly with the contribution of part of the company's revenue to support separate individuals or entire (social groups) community in need. In most cases, donation is a single act (action) triggered by certain conditions - natural disasters, life-saving treatment or similar. It should also be noted that such actions are more characteristic of less advanced Our Business Concept, while firms with well developed social program - creating longer-term donor practices.

4.1. Corporate Social Responsibility in Bulgaria

For Bulgaria corporate social responsibility is a new concept, implemented firstly in the late 90s. The actual event started just after entering XXI century. As mentioned in the previous part of the study, due to the lack of a single, unified definition of corporate social responsibility will be used - definitions given by the World Bank and the European Commission.

According to World Bank ' Corporate social responsibility is a commitment of business to contribute to sustainable economic development and to ensure the good connection with the workers, their families, local authorities and society as a whole, to improve quality of life that is acceptable both for the business and development”.

The European Commission, for its part, defines corporate social responsibility as "a concept whereby companies integrate social concerns, on a voluntary basis and the responsibility towards the environment in their business operations and positive connection with their business partners."

The implementation of such social responsible practices had started considerably slow in comparison to the EU practices, but following right direction had achieved success in that matter.

In Bulgaria CSR at first was understood as an activity which is not a one-time Act, but sustainable process and contributes to the balance of the three main components for steady development — economic growth, social development and environmental protection.

Initial understanding and application of CSR in Bulgaria in many respects is relate to the care of the staff, this includes good health insurance; medical insurance; available rest rooms; "child's "allowance for a young parents; etc. (*Баракова, 2006*) In some companies, most of which are foreign participation have implemented as part of its CSR practices, additional qualifications on behalf of the company for a prominent employees. (*Димитрова, 2007*)

As supplements to the generally accepted CSR principles many companies had extend their social initiatives by including more sporadic initiatives— such as support to children deprived of parental care, homes for the elderly, public hospitals and schools. In its modern appearance, corporate social responsibility in Bulgaria has become closer related to the CSR in developed societies. Still in some cases had been evidenced manifestations of the erroneous perception of the concept. Especially after the Bulgarian acceptance in EU in 2007, Bulgarian business had gradually grow interest towards the implementation of CSR practices and politics not only because their impact on the business competitiveness but because the realization of its necessity as more transparent and trustworthy for the creation of better relations with – employees, suppliers, business partners worldwide, government institutions.

The step further of Bulgarian commitment towards the responsible business is the adoption and elaboration of national CSR strategy in 2007, the Bulgarian National Code for Corporate Governance, as well as will follow in close the shaping of the new international CSR standard (ISO 26 000) (*The future National Strategy on CSR for Bulgaria, 2009*)

From the conducted observations was found that some managers still implement CSR principles for the wrong reasons – strive to create a positive image to the public and at the same time, to "leave a lasting trace behind".

The latter may be explained by the fact that most of the managers of small and medium-sized enterprises in the country are also their creators and owners. Despite the above observation, it should be noted that the observed overall trend is growth in respect of the implementation of CSR, and therefore can be argued that CSR has become an integral part of the Bulgarian business

During the conducted research has also established that most of the SMEs managers consider following assumptions as the base values for their businesses.

Stronger economy (the strong economy of the 21st century is competitive and produce goods and services with high added value), it is based on the knowledge, skills, highly educated labor; it creates conditions for healthy and full life. Its growth is not measured by infinite consumption and to increase the happiness of the nation.

4.2 Green Business Regulations and regulatory bodies, in Bulgaria

One of the main problems of modern civilized society is the protection of the environment and ensuring sustainable development. This is a natural result of the conscious ultimately mankind as necessary to preserve the harmony between man and nature. In this sense the new legislative strategy on the protection of the environment contains a number of specific features which distinguish it from the legislative strategy in other areas. (*Костова, 2009*)

The specifics of environmental legislation is expressed mostly in that lawmakers decisions in this area in a larger extent affect large groups of people for an extended period of time. At first glance from the legal point of view things appear relatively clear-once a law is adopted, and then there are all conditions for the reduction of environmental risks. From the standpoint of Business, however, it acquired other dimensions.

And most important of legal-technical point of view Act could not have the necessary legal and social implications, if there are appropriate mechanisms for its implementation in practice.

Environmental law as part of the entire law-making has principles as their base points, but there are other specific supports, since this is the only sphere directly affecting everyone. Characteristic of environmental law in the differentiation of other legal industries is its "youth". As a new branch of the legal system is rapidly developing and contemporary. This allows more since its rules are relatively stable nature.

This "youth" and the possibility of environmental legislation to be in a very high level in accordance with international standards. Here I have given two sources of these standards:

1. International agreements-pursuant to article 5, paragraph 4 of the Constitution they have priority over national law in Bulgaria.
2. The directives of the European Union, which Bulgaria is an associate member of 10.12.1999, Bulgaria received an invitation to begin negotiations for membership, which is expected to complete around 2006 in Bulgaria environmental law in a certain sense predates the requirements of both the EU and of the Council of Europe. The Council of Europe issued resolutions with optional force; the legislation of Bulgaria complies with them, as far as our country is a full member of the Council. As an interesting precedent can be considered the fact that the Parliamentary Assembly of the Council of Europe to prepare. Model for urban environmental law of Bulgaria in 1992, and the Bulgarian law on the protection of the environment (ZOOS), entered into force on 18 h. 1991, i.e. the requirements have been met before their installation.

On the harmonization of Bulgarian environmental legislation with EU law are interesting several times.

1. The Treaty of Maastricht -compatible with the environment growth
2. The three listed below the principle enshrined in the single European Act (SEA).
3. The negotiations of Bulgaria for membership in the EU, which include harmonization of legislation.
4. The proposal for National Corporate Governance Code in 2007 (Boeva, 2007), one of the most significant "steps" towards the establishment of modern rules and norms for Bulgarian business practices.

ZOOS have their own law on the matter, it laid down the basic principles of modern environmental legislation emanating from the Council of Europe and of the Council of the EU, which is the legislative body of the EU. These fundamental principles are three in number:

- The polluter pays.
- Pollution prevention
- Public information.

Created on these three principle ZOOS saw the start of the new regulations of Ecological Regulations in Bulgaria by the definition of objectives, strategies and general regulations of the States Eco-policy, as well as the responsibility of citizens and institutions in accordance with their constitutional rights and obligations. Features of this new policy and its principles are:

1. Scientific approach in the preparation of environmental standards, i.e. a formulation of the criteria to be adopted. For Bulgaria, many of the limit values are too high and it is necessary to comply with international standards.
2. A combination of centralization with decentralization, i.e. the balance of the powers of the Central and local authorities.
3. The participation of the public (participation) in the management of the environment. I.e. it is the inclusion of many non-governmental organizations on the basis of legislative regulations. It is considered that this principle is an auxiliary to the three fundamental principles. This derives from the Treaty of Maastricht, in which the EU puts the question of the real participation of society in the protection of the environment. This is explicitly stated in the SEA and can be regarded as a specific directive of the EU. The basic principles of environmental policy are a specific expression in the Bulgarian Constitution of 1991 and in the law.

Of particular interest here are the provisions of article 15, and article 55 of the Constitution, which I quote:

Article 15. The Republic of Bulgaria shall ensure the protection and reproduction of the environment, the maintenance and the diversity of living nature and rational use of natural wealth and resources of the country.

Art. 55. Citizens have the right to a healthy and favourable environment in accordance with established standards and regulations. They are obliged to protect the environment.

In the provision of article 55 for the first time give the right of citizens to a healthy and favourable environment.

With article 15 of the Republic of Bulgaria shall assume the responsibility to use and protect the environment.

Basic rules of the law on the matter, the environment is the ZOOS, it is a new start in the field of Environmental law.

One of the most important legislation implemented in the Bulgarian Law system is the 2006 “Law for amendment and complement of the Law for Small and Medium-sized enterprises (*Събрание, 2006*).

This act is a part of new legislation in country –consistent with the EU one and shortly afterwards was followed with other important for the development of competitiveness act – “Regulation on the organization of the National Scheme for management and control of environment” (*събрание, 2003*), which provides legal basiss for applying the requirements of regulation EC/761/2001 -Regulation on the Organization of the National Scheme for Environmental Management and Audit. The regulation importance is for it provides the necessary requirements, rules and procedures for organisations willing to participate at environmentally responsible practices. Decree of the OCM No 61/12 March 2003.

According to the legislation in Bulgaria the companies willing to participate as CSR have to prepare a set of documentation in accordance of the rules by Financial Supervision Commission. That rules have been based on the Law on Public Offering of Securities.

4.3. Implementation of Green Business Practices in Bulgaria

The process of implementation of so called "green" business practices in republic of Bulgaria had has started relatively late in comparison with the well developed worldwide economics. Collected evidence suggests that the process start its development in the beginning of new millennium and had grown ever since.

Process of implementing Green practices in Bulgarian business is inextricably linked to the not only to the environmental sustainability but also to economic sustainability and social sustainability. Sustainability has been defined as ‘*Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*’ (*Developments, 1987*) Or simply put, ‘Enough-For All – Forever’.

4.4. Small and Middle –size Green Enterprises

The exact number of Green Small and Middle-sized enterprises in Bulgaria as it January 2012 is not precise. There for the study has been conducted over the more broad idea of environmentally responsible Small and Middle-size firms in the country and their aspiration for Sustainable development. The definition given in the book “Business strategy for Sustainable development: Leadership and accountability for the 90s” is very suitable for the present situation in Bulgaria

–“...For the business enterprise, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future” (*Business strategy for Sustainable Development: Leadership and Accountability for 90s, 1992*)

Characteristics’ of typical environmentally responsible businesses in Bulgaria are:

- Preservation of the nature
- Effective use of resource
- Strong economy
- Climate protection
- Clean environment, etc.

Most of those practices have been implemented in enterprises with adopted Corporate Social Responsibility. Some managers had expressed ambition to implement two more vitally important for the New Green Business, tools:

- Arousing the general public sensitivity towards the Green Idea
- Increasing Environmental Audit role in their organizations

These two new practices are yet to be implemented in Bulgarian Business Environment

Based on the collected information from the practitioners in the green management field main obstacle for the implementation of more new and competitive tolls in the Bulgarian Green enterprises is their high cost. Most of the researched businesses are unable to afford the price for these tools; instead they are trying to improve the existing one. (*Appendix 1-2*)

5. EMPIRICAL STUDY

Results presented in this thesis has been collected through the baseline surveys. Collected data directly linked to development of green business in Bulgaria; the attitudes towards green management practices; the understanding of green idea as a whole, expressed from the managers and field researchers', and the challenges that has been faced in the process of execution of this new business practices.

The serves has been personally developed for this particular study and carried on in the period July 2011- January 2012. Obtained information from these surveys has been authorised true proper channels; That information has been used in the way requested specifically by the providers of it.

5.1. Research Methodology

In this study were present the summarized results from the conducted baseline survey's and personal interviews. As leading method was used Qualitative method. The researched eighteen small and middle-sized companies are representatives of the private sector and the correspondents have a different subject of activity. Three of the companies are specialized in organic cosmetics, the other four are working in office products manufacturing and distribution, and the last four of the companies are working in the area with the house retail and the rest are from food and beverage industry.

All of the researched companies are members of the non - government organization Green Circle and had been carefully selected for its size and main activities.

Qualitative research has been conducted by usage of Structured interviews. Target group included companies' managers, the representatives of non-government organizations, government regulatory bodies such as Ministry of Environment and Waters, and Industrial Ministry, Ministry of Labor and Social policy.

Research findings had confirmed to some point the thesis general ideas, including the benefits from green practices implementation at Bulgarian SMEs.

5.2. Results

The aim of this study was to found the depth of involvement of Bulgarian small and middle-sized enterprises towards implementation of Green Practices, and the importance of those practices for the Bulgarian Economic at large. Findings from the conducted research had confirmed to some point the general idea of this thesis, based on the presumption of the importance of green practices implementation to the small and medium sized enterprises

5.2. A – CSR practices extension?

During the research was established that the organizations with implemented CSR practices had grown their number despite the economic crisis. It was noted also, that the correct application and understanding of CSR has increased.

Many respondents attributed the positive development of responsible business to the growing presence of foreign enterprises in Bulgaria (*Graph 3*). The other important finding was that level of endorsement from the Government institutions had gradually grown and positively affected that constructive implementation of Corporate Social Responsibility practices.

The positive outcome was attributed as well to the fact that many of internationally educated Bulgarians had become entrepreneurs and implemented the responsible attitude in their companies.

Despite the generally positive findings it is clear that has to be done more in order Bulgarian businesses to be fully accepted in the international market space.

As one of the necessary steps in to achieve that, is the implementation of open and clear information about the operating firms in the country. That is necessary because in Bulgaria still has rogue companies. The negative impact from those practises influence whole Bulgarian business. It is necessary to be implemented stricter rules regarding the relationship employee-employers.

To arguments against the implementation of CSR in the business can be added - Breaking the principle of maximum profit (by its very nature, CSR assumes that it is necessary to allocate a proportion of company's profit for the implementation of various social programs.).

Many businessmen do not realize that the cost of social demands lead to an increase in the prices of goods or services of the company. To those negative effects shall be added the possibility competitive foreign business to offer similar goods or services at lower prices.

Also must be noted the probability company manager, to be „incapable of adequate response in case of social demands”. (Ангелов, 1998) Reason for this can be the fact that in senior positions recruit individuals with expertise in economics, marketing and technology, but does not require highly developed social skills

5.2. B – How had changed SMEs in Bulgaria after the acceptance in EU

From the moment that CSR has been implemented in Bulgarian business the government regulatory bodies become actively involved in the popularization of the environmentally responsible attitudes as part of the transformation of Bulgarian economy. There for CSR concept has become integral part towards new business attitudes.

As already mentioned, the acceptance of Bulgaria in the European Union has had a positive impact on the development of Bulgarian small and medium businesses, not only economically but also socially. Conducted research declare that the growth of socially responsible companies has increased significantly, and although this growth not characterized with dramatic changes, they are standing

The involvement of Middle-sized companies in this type of practices had aggravate for several reasons, some of which related to the recent economic crisis and the followed afterwards downsizing of many large companies.

As the research participants belonged to various types of green business organizations it is hard to state with certainty that all middle –sized companies from different industrial sectors had develop simultaneously. Evidently there is amplify in a green practices, and is expected that to further in a future.

In contemporary the extent of CSR attitudes had positively develop especially in the last two years. The number of government/non-government initiatives had helped the improvement of those practices and the increase of public interest towards them.

Most willing to participate in these practice's are among the one Environmentally-innovative businesses

5.2. C – ISO certifications and Bulgarian Business.

The extent of Bulgarian Business Organizations holding any of ISO certifications had grown for the last 5 years. Still in comparison with the other European Union countries that number is relatively small and had to be improved in the future. In the process of this research has been found that:

Preferred type of quality certification in Bulgaria is still ISO 9001 – 4685 companies hold with this certification

As main reasons for interest in ISO 9001 may be referred the following: ISO 9001 is a universal (comprehensive) certification and in contrast to other ISO certificates is available at a price (3000 bg lv.) that can afford not only large companies but also small and medium companies in the country .In support of the above statement I would like to point out that so far across Bulgaria there is no registered company with a EMAS certification. Specified reasons those surveyed mentioned were in the first place the cost, followed by the insufficient knowledge of the product in Bulgaria, only two of the surveyed knew the exact characteristics and benefits from EMAS

One of the most preferred quality certificates worldwide is still not so popular in Bulgaria. In December 2011- just 859 companies-in the country, hold ISO 14001 certification. It is still not differentiated how many of them are SMEs.

Most of the certificated with ISO 14001 companies are in the construction business, the rest relatively small number belongs to food industry, chemical companies, processing and textiles (*Социално отговорните фирми имат предимство на пазара, 2005*)

The SA 8000 certification has very low level of implementation – at the moment only one company – TNT Bulgaria has been appointed with it. Reason for that can be price relative (price for enterprise with 25 employees is around 3000€). (*GRAPHS- p.42*)

All gathered information suggest that even Bulgarian business has demonstrated in the past few years high level of endorsement towards the range of environmentally responsible practices, still the interest of ISO and other necessary international certifications is relatively small and had to be yet develop

5.2. D – Reasons for Implementation of Green practices

The results from the conducted personal interviews and surveys among representatives of Bulgarian SMEs, had show what is considered as most important reasons for the implementation of environmentally responsible practices in Bulgaria are as follows:

- Personal moral stance - Highest percentage of executives indicates it was the main reason for implementing green practices in their companies.
- Awareness of Environment problems – Many of interviewed suggests it as one of the reasons for implementing green practices in their business.
- Preservation of the Environment - Half of respondents indicate it was the second most important reason for adopting green and practice in their business
- High level of Competitiveness in Bulgarian and in the International market – It has been indicated as an important cause, but inferior in importance to the above.
- Benefits from the efficient use of Natural Resources – were identified many benefits of proper use of natural resources
- Climate Protection - Identified as extremely important by nearly 75% of respondents
- Better acceptance as a business partner – It is suspected that the results were vitiated by the reluctance of the interviewee to be accepted as "bad" business partner. There for this results will be not used in the study.
- A good image – obtained results also cannot be accepted in full, but is believed that are more reliable than previous

- Regulatory requirements and etc- majority of respondents believe that there is still much to be desired in terms of legal documents. It has been suggested that the lack of clear legal acts is one of the reasons for slow growth in green practices in the country.

All of the above reasons have been indicated as main cause for Green practices implementation. As expected the answers related to environmental responsibility and moral stance were relatively higher than the financially related reasons. Almost 75% of the interviewed managers said that from a start of their business they been environmentally orientated.

Collected responds from the lay management and some of the workers were more truthful and indicated more believable reasons for green practices implementation - including the financial benefits for the firms. That led to development of additional questionnaire, with more specific questions in it. The results from that questionnaire were also uncertain - because many of them had been left unanswered. Following the uncertainty from the obtained results, collected data cannot be considered as valid

5.2. E – Bulgarian Green companies and their place in EU market

More and more Bulgarian small and medium enterprises are trying to establish in the international market, offering quality products at lower prices.

Manufacturers of environmental products are not exception. Conducted research found increasing of the proportion of firms with exports by nearly 5% from 2008 year alone. The reasons for this "success" may be attributed to (as already mentioned) low prices of our products combined with their high quality. Market niches, in which focuses Bulgarian business export are green products - organic food and cosmetic products. (*Маркетингово проучване, 2009*).

Bulgarian "green" products are still not well known on the world market. This problem to a large extent stems from the fact that many small companies cannot afford the advertising costs. From interviews held was found also that many owners of this type of businesses are experiencing "fear" to offer their products on the international market due to unstable financial situation worldwide.

5.2. F – Society awareness towards the Green practices

Bulgarian society at large is still unaware of the green products benefits. Mostly the representatives of the biggest social stratum – The Middle class, are responding to the Question: What is for them the meaning of Green business – as a business connected with the agriculture.

The one that know and support the implementation of more green practices and respectively they look for green products in the market are the Upper Middle class and the Wealthy Bulgarians.

From the obtained results has to be taken in consideration that the annual income of Bulgarian middle class is relatively small and they cannot afford to spend extra money on green products.

In order to improve current situation is suggestible firstly - to improve availability of a variety green products and services, offered to the clients; also currents legislation to be improved, and finally in order to enable the majority of the public to start using green products - they must become more accessible.

5.2. G – Government Support for Environmentally Responsible Business Practices

Bulgarian State has shown steady support, towards the green practices. Variety of conducted initiatives in the past and at the moment had shown that these actions are not just “good will” but a commitment towards the further development of Bulgarian economy to a better accepting of Bulgarian business worldwide as reliable and innovative one.

Legally - The most important government ‘initiative’ supporting the Responsible Business practices, is the implementation of National Corporate Responsibility Code, which give the clear idea to Bulgarian business organizations what to expect while approach the international markets. That act also helped to be improved the work relations between interested parties, employer – employee, and employers attitudes in the direction of environmentally responsible practices.

Socially – It is necessary government institutions to take a more active role in initiatives related to promotion of green business practices, in order of society knowledge about them to improve.

It is presumed that more aware people can do less harm to the environment and will be prone to accept easier the alternative products and services (such as Green products).

5.2. H – Treats and opportunities for Development of Green SMEs

As any other business, green business is prone to external impacts. In Bulgarian business reality the most common impacts are - Economic Dimensions, Social Dimensions of Environment, Legal and Technology Factors. Those factors can have positive impact over the business or negative one. Recent economic crises brought new opportunities for the Green companies in Bulgaria. Companies that simply can be called "fast movers" had managed to use the crisis in their advantage and offer their clients new desirable products. During the research I found that many of Bulgarian green SMEs used the opportunity and had manage to acquire new customers in the country and abroad.

In terms of threats and weaknesses for a Green company in Bulgaria, I would like to point out the following:

- poor access to funding
- the existence of intense competition
- still inadequate product positioning

All of the threats above are of great importance for Bulgarian Green business, because as a young business is more prone to failure.

6. CONCLUSIONS

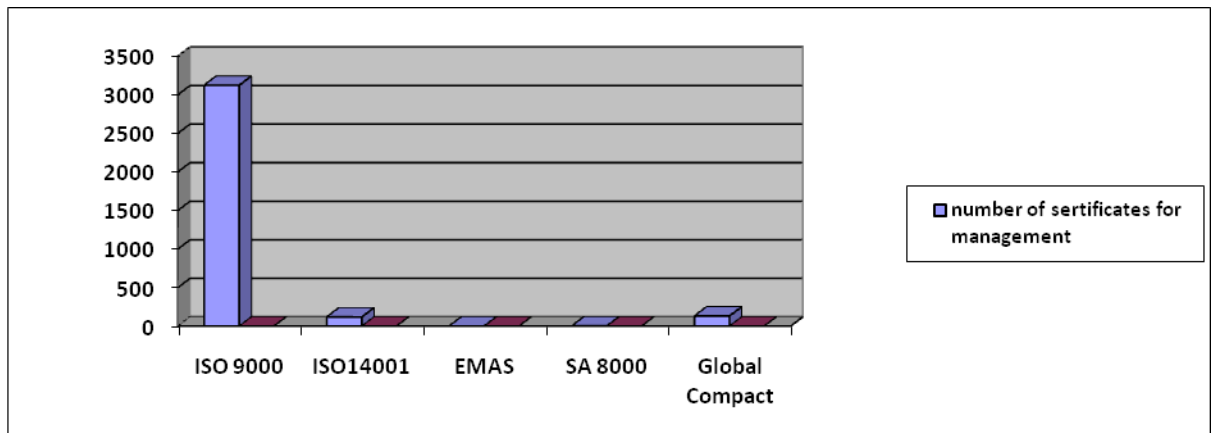
The purpose of this study was to show development and steady growth of green practices, among Bulgarian Small and Middle-sized businesses and how significant is that for the Bulgarian economy.

During the research was found that Green practices had become a major part of the business community. Had been identified that not just managers of the company's but the employees, society and government institutions, grown their commitment to Green Idea. The demonstrated knowledge of environmentally responsible attitudes such as waste management, corporate social responsibility and ISO certifications had been observed. From the conducted research had been clearly stated that Bulgarian business, government and partly the society support the implementation of environmentally responsible practices.

Bulgarian business as a whole demonstrates high level of suspicion towards any outside intrusion including scientific research as this one. The reason for this peculiar behaviour is partially cultural and partially related to the bad experiences of sharing information that more or less most of the businesses had experienced in the past. There for the obstacles' met during this research such as disclosure of more sensitive data regarding the company's business has been only partially overcome.

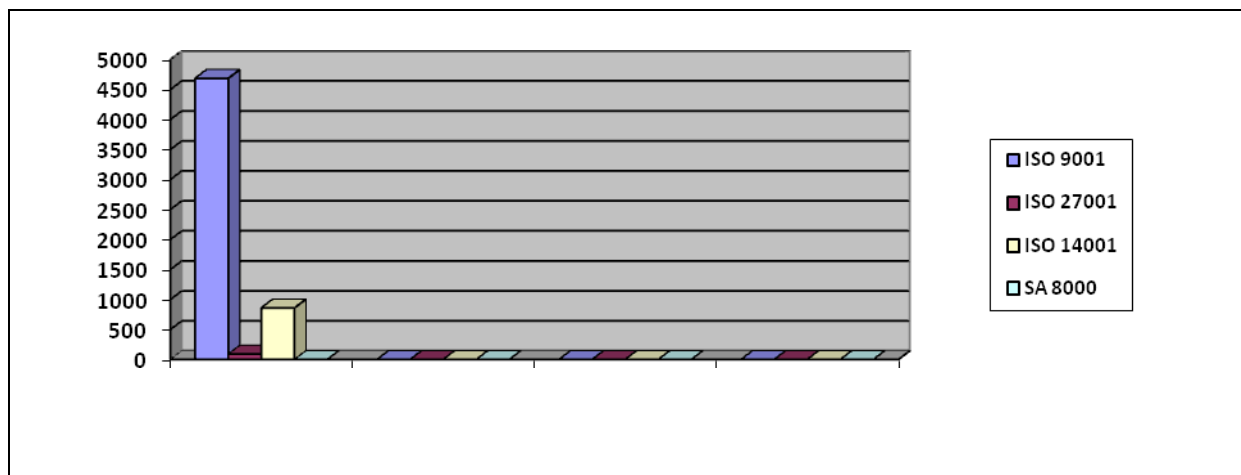
In conclusion I would like to say that the successful implementation of the principles of environmentally responsible practices in Bulgaria largely depends on the change in attitudes and behavior of all involved parties - politicians, public administration, civil society organizations, business circles and the regular citizens.

GRAPGS



pg. 37, of CSR in Bulgaria – New Challenges 2007

The following graph shows the big difference between the implemented quality certifications in the country as in 2007.



In the chart above is shown the interaction between different types of ISO certification in Bulgaria. As in 2011 that number hasn't change gradually. ISO's series 9000 is still leading as most preferred quality certificate. Only difference is that now most of the companies in Bulgaria hold ISO 9001 instead of ISO 9000.

APPENDIX 1

Questionnaire 1

1. What motivated your decision to become “Green” company?

- a) Personal feeling towards the importance of “Green” practices**
- b) Managerial**
- c) Other (please specify)**

2. What are the most common difficulties you face in your daily routine?

3. Did “Green” business practices help your business steady growth?

4. How do the last economic crises affect your business?

5. The negative and the positive perspective of being “Green” enterprise?

6. How do you differentiate - Corporate responsibility and the “Green” business practices?

APPENDIX 1

Въпросник 1

1. Какво ви мотивира да станете "Зелена" фирма ?

- a) Лично решение – вие смятате „Зелената” бизнес практика за важна**
- b) Решение взето като отговорен мениджър**
- c) Друго (моля уточнете)**

2. Кои са най-честите трудности, с които се сблъсквате в ежедневието си работа?

3. Считате ли, че "Зелените" бизнес практики ще помогнат развитието и стабилността на вашият бизнес?

4. Как бе повлиян вашият бизнес от последната икономическа криза?

5. Кои са според вас са позитивите и негативите да бъдете „Зелено” предприятие?

6. Каква е разликата според вас между Корпоративна Социална Отговорност и Зелен Бизнес?

APPENDIX 2

QUESTIONARY 2

1. Are your customers more satisfied with the green products?

- a) Yes**
- b) No**
- c) No response**

2. Did you manage to expand to a new markets because the company “Greening”?

- a) Yes**
- b) No**
- c) No response**

3. What specific CSR practices has been implemented in your company?

- a) Engagement with Social Activities for the Society Good**
- b) External education for the company’s employees**
- c) Charity for care institutions for children with no families**

4. Which environmental friendly areas, your company has implemented and why?

- a) Research and development**
- b) Recycling**
- c) Production**
- d) Marketing and Sales**

5. Which of the following environmental management systems your company has implemented and why?

- a) ISO 14001**
- b) ISO 9000**
- c) Other (please, specify)**

6. To what extent has evolved according to your corporate social responsibility in Bulgaria in the last 5 years?

- a) Low level of development**
- b) High level of development**
- c) Other (Please specify the answer)**

7. To what extent the adoption of the country in the European Union changes the ratio of the average business to corporate social responsibility?

- a) No change**
- b) Establishments became more responsible**

8. Did "Green" business in the country developed in the last 5 years?

9. What is the extent (perception) of the Bulgarian Green companies in the world-wide market?

Въпросник 2

1. Доволни ли са вашите клиенти от предлаганите зелени продукти?

- a) Да**
- b) Не**
- c) Без отговор**

2. Помогна ли ви Зелената ориентация на компанията да намерите нови пазари?

- a) Да**
- b) Не**
- c) Без отговор**

3. Кои практики на КСО са въведени във вашата компания?

- a) Ангажиране със социални дейности за обществото добро**
- b) Повишаване квалификацията на служителите на компанията**
- c) Благотворителност към институции грижещи се за деца без семейства**

4. Кой опазващи околната среда дейности, вашата фирма е въвела и защо?

- a) Изследване и развитие**
- b) Рециклиране**
- c) В производството**
- d) В маркетинга и продажбите**

5. Кой от следните системи за управление на околната среда е изпълнила вашата фирма и защо?

- a) ISO 14001
- b) ISO 9000
- c) Други (моля, уточнете)

6. До каква степен се е развила според вас Корпоративните Социална Отговорност в България в последните 5 години?

- a) Ниско ниво на развитие
- b) Високо ниво на развитие
- c) Друго (моля уточнете отговорът си)

7. До каква степен приемането на странатани в Европейският Съюз промени отношението на средният бизнес към Корпоративната Социална Отговорност?

- a) Без промяна
- b) Предприятията станаха по-отговорни

8. Има ли развитие на “Зеленият” бизнес в страната в последните 5 години?

9. До каква степен българските зелени компании според вас са конкурентно способни на световния пазар?

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